

**MANDELA BAY DEVELOPMENT AGENCY INCORPORATED
ASSOCIATION NOT FOR GAIN NOTES TO THE ANNUAL FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

1 ACCOUNTING POLICIES

1.1 REPORTING ENTITY

Mandela Bay Development Agency (MBDA) is a municipal entity (registered Section 21 company) with the Nelson Mandela Bay Municipality (NMBM) as its parent municipality. The MBDA's registered address is The City Hall, Port Elizabeth. The MBDA is situated in the Nelson Mandela Bay Municipality of the Eastern Cape Province. The Agency has been established by the NMBM with the assistance of the Industrial Development Corporation to project manage urban regeneration of the inner municipal precinct with a view to promoting economic and tourism development.

1.2 BASIS FOR PRESENTATION

1.2.1 Statement of Compliance

The annual financial statements have been prepared in accordance and compliance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures

GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with Paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP), including any interpretations of such statements issued by the Accounting Practices Board.

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by a Standard of GAMAP, GRAP or GAAP.

1.2.2 Basis of measurement

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention and/or fair value.

1.2.3 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Notes 5; 19 and 20 – provisions and contingencies

1.3 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

1.4 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.5 PROPERTY, PLANT AND EQUIPMENT

1.5.1 Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its cost, its fair value was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost less residual value, using the straight-line method over the estimated useful lives of the assets. A review of all assets was undertaken during the financial year, and the useful lives and residual values, where applicable, were adjusted for. The annual depreciation rates are based on the following estimated asset lives:

Assets	Useful life in Years
- Computer Equipment	5
- Computer Software	2
- Office Equipment	6
- Furniture and Fittings	10
- Motor Cycle	5
- Leasehold Assets	3

1.5.2 Small Assets

Assets under R2 000 in value, are expensed immediately against Small Assets in the Statement of Financial Performance.

1.5.3 Leasehold Assets

Leasehold Assets, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Where items of leasehold assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost less residual value, using the straight-line method over the estimated useful lives of the assets.

1.6 CONSTRUCTION (Work in progress)

The Agency received grant funding from its parent municipality to undertake certain infrastructure development projects. It accounts for costs incurred on construction contracts (work in progress) to the extent of the percentage of the completion of the contract, which construction is certified as being complete by the consulting engineer.

No profits and losses are recognised as these are municipal assets that will be transferred to the parent municipality upon completion.

1.7 CONSTRUCTION CONTRACT RETENTION CREDITORS

Construction contract retention creditors are reflected as short-term creditors where the amount is due within twelve months from the reporting date, and as long-term creditors where the amount payable is due later than twelve months from reporting date.

1.8 FINANCIAL INSTRUMENTS

Initial recognition

The Agency classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangements. Financial assets and financial liabilities are recognised on the Agency's Statement of Financial Position when the Agency becomes party to the contractual provisions to the instrument.

1.8.1 Trade and Other Receivables

Trade and Other Receivable are measured at carrying amount as the carrying amount is a reasonable approximation of fair value. Amounts that are receivable within twelve months from the reporting date are classified as short term.

1.8.2 Trade and Other Payables

Trade and Other Payables initially are measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade and Other Payables of the Agency are recognised on the Statements of Financial Position at carrying value as they are paid within 30 days.

1.8.3 Cash and Cash equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of three months or less, and are subject to an insignificant risk of change in value.

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise of cash on hand and deposits held on call accounts with banks.

1.9 PROVISIONS

A provision is recognised when the Agency has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

1.9.1 Performance Bonus

Where performance appraisals have not yet been performed at year-end, a performance bonus provision is made based on the employment contract stipulations, as well as previous performance bonus payments.

1.10 REVENUE RECOGNITION

1.10.1 Revenue from Exchange Transactions

Interest is recognised on a time proportion basis.

Revenue from grants and public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where grants and public contributions have been received but the Agency has not met the condition, a liability is recognised.

1.10.2 Revenue from non-exchange transactions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.11 CONDITIONAL GRANTS

Revenue received from conditional grants and public contributions is recognised as revenue to the extent that the Agency has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised. There are no further restrictions attached to these grants and public contributions.

1.12 VALUE ADDED TAX

The Agency accounts for Value Added Tax on the invoice basis.

1.13 RESERVES

Grants and Public Contributions Reserve

When items of property, plant and equipment are financed from grants and public contributions, a transfer is made from the accumulated surplus/(deficit) to the Grants and Public Contributions Reserve equal to the grants and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Grants and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from Grants and Public Contributions is disposed, the balance in the Grants and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.14 DEFERRED INCOME

Unutilised grants are reflected on the Statement of Financial Position as a current liability – Deferred Income. They represent unspent conditional grants and public sector contributions. The cash received is invested until it is utilised.

1.15 COMPARATIVE INFORMATION

1.15.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current year only.

1.15.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.16 TAXATION

The Agency has been granted income tax exemption status by South African Revenue Services.

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS

AT 30 JUNE 2007

DIRECTORS	Mr J Saffier (Resignation pending) Mr J J Fritz (Resignation pending) Ms B Godolozzi (Deceased) Mr M E Kolito (Deceased) Mr M L Mangcotywa (Resignation pending) Mr B Ngoqo (Resignation pending) Mr T H Ngcolomba (Deceased) Adv J G Richards (Appointment pending) Mr D Christian (Appointment pending) Ms L Vermaak (Appointment pending) Mr P Van Rooy (Appointment pending)	
NATURE OF BUSINESS	The hiring out of the Feather Market Centre for concerts, conferences, exhibitions and related events and catering for these events.	
BANKERS	Standard Bank of South Africa Limited	
AUDITORS	Ernst & Young	
DOMICILE	Feather Market Centre Baakens Street Central PORT ELIZABETH	
LEGAL FORM AND JURISDICTION	Feather Market Promotions is a company incorporated under Section 21 of the Companies Act, No. 61 of 1973. The company operations are based in Port Elizabeth.	
REGISTERED OFFICE	5 Summerset Street Central PORT ELIZABETH SOUTH AFRICA 6001	P O Box 12512 CENTRAHIL SOUTH AFRICA 6006

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The Directors are responsible of the preparation of the Annual Financial Statements as are set out on pages 2 to 23, in terms S126(1) of the Municipal Finance Management Act. The Annual Financial Statements were approved by the Board of Directors on 31 August 2007 and are signed as such by:

CHIEF EXECUTIVE OFFICER

DIRECTOR

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net assets		9 595 599	9 837 978
Accumulated surplus		9 595 599	9 837 978
Current liabilities		295 514	261 464
Trade and other payables	1	211 554	235 991
VAT	2	55 404	-
Bank overdraft	9	28 556	25 473
Total Net Assets and Liabilities		9 891 113	10 099 442
ASSETS			
Non-current assets		8 452 018	9 242 177
Property, plant and equipment	3	216 972	258 490
Improvements to leasehold property	4	8 235 046	8 983 687
Current assets		1 439 095	857 265
Inventory	5	108 496	77 671
Trade and other receivables	6	219 447	168 681
Other receivables	7	6 500	6 500
VAT	2	-	59 743
Cash and cash equivalents	9	1 104 652	544 670
Total Assets		9 891 113	10 099 442

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
REVENUE			
Sales (bar and catering)	8	4 667 477	3 560 400
Rental of facilities and equipment		1 096 764	849 320
Interest earned		98 861	45 508
Government grants	10	1 055 724	996 940
Other income	11	293 870	569 319
Total Revenue		7 212 696	6 021 487
EXPENDITURE			
Cost of sales	12	2 492 567	2 067 848
Administration expenses	13	103 415	52 559
Selling and distribution expenses	14	350 044	145 272
Employee related costs	15	2 006 153	1 552 072
Bad debts		56	(9 069)
Depreciation - leasehold property		748 641	748 641
Depreciation - other		111 533	87 275
Repairs and maintenance	16	230 039	186 396
Bank charges		24 153	23 765
Interest paid	17	490	-
Legal fees		14 067	-
Levies		5 643	(4 841)
Contracted services	18	281 530	242 847
General expenses	19	1 086 744	1 029 598
Total Expenditure		7 455 075	6 122 363
SURPLUS (DEFICIT) FOR THE YEAR		(242 379)	(100 876)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE :

	Accumulated surplus / deficit R	Total R
2006		
Balance at 1 July 2005	9 938 854	9 938 854
Surplus/(Deficit) for the year	(100 876)	(100 876)
Balance at 30 JUNE 2006	9 837 978	9 837 978
2007		
Surplus/(Deficit) for the year	(242 379)	(242 379)
Balance at 30 JUNE 2007	9 595 599	9 595 599

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		7 263 462	4 362 370
Cash paid to suppliers and employees		(7 790 643)	(4 882 736)
Cash utilised by operations	19	(527 181)	(520 366)
Interest received		98 861	45 508
Interest paid		(490)	-
Grants received		1 055 724	996 940
NET CASH INFLOW FROM OPERATING ACTIVITIES		626 914	522 082
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(70 015)	-
Proceeds on disposal of property, plant and equipment		-	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(70 015)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		556 899	522 082
Cash and cash equivalents at the beginning of the year		519 197	(2 885)
Cash and cash equivalents at the end of the year	20	1 076 096	519 197

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention:

In accordance with Section 122(3) of the Municipal Finance Management Act (Act No. 56 of 2003), the entity has adopted Standards of GAMAP and GRAP issued by the Accounting Standards Board during the financial year. The entity previously applied South African Statements of Generally Accepted Accounting Practice, except for GAMAP 17 "Property, plant and equipment". Please refer to Note 22 for further explanation. These statements are not fundamentally different to GRAP and GAMAP statements. There has been no material effect of the change in accounting policies arising from the implementation of GRAP and GAMAP.

The entity may have transactions, events or balances that are outside the ambit of GRAP and GAMAP, but which are included in South African Statements of Generally Accepted Accounting Practice.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

4.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, less accumulated depreciation.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

- Furniture and fittings (6 years)
- Office equipment (3 years)
- Motor vehicles (5 years)
- Computer software (2 years)
- Computer equipment (3 years)
- Audio visual equipment (3 years)

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

4.2 IMPROVEMENTS TO LEASEHOLD PROPERTY

Improvement to leasehold property is reflected at cost to the company, less accumulated depreciation. The leasehold improvements are depreciated over 25 years using the straight-line basis.

5. INVENTORY

Inventory is valued at the lower of cost, determined on a first-in, first-out basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any costs necessary to make the sale.

6. FINANCIAL INSTRUMENTS

Financial instruments recognised in the balance sheet include trade receivables, other receivables, trade payables and cash and cash equivalents.

Financial instruments are initially measured at fair value at trade date, plus directly attributable transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

6. FINANCIAL INSTRUMENTS (Continued)

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Cash in the balance sheet comprises cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less an allowance of any uncollectible amounts. Provision is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

Receivables from related parties are recognised and carried at cost.

Trade and other payables

Liabilities for trade and other amounts payable, which are normally settled on 7 - 30 day terms, are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net profit or loss in the period in which the change arises.

Derecognition of financial instruments

The derecognition of a financial instrument takes place when the company no longer controls the contractual rights that comprise the financial instrument, which is normally when all the cash flows attributable to the instrument are passed through to a third party.

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

7. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer.

Revenue from the hiring out of facilities for functions is recognised once the function has taken place.

Interest is recognised on a time proportion basis.

8. GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

9. RETIREMENT BENEFITS

The entity provides retirement benefits for its employees. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable.

10. OPERATING LEASES

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease rentals are recognised on a straight line basis over the lease term or any other basis which is representative of the time pattern of the lessees benefit.

11. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance when incurred.

12. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

13. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

14. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

15. COMPARATIVE INFORMATION

15.1 Current year comparatives:

Budgeted amounts have been included in Appendix D(1) - D(2).

15.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
1. TRADE AND OTHER PAYABLES		
Trade creditors	95 977	106 985
Payments received in advance	30 742	78 740
Staff leave	84 835	50 266
Total creditors	<u>211 554</u>	<u>235 991</u>
2. VAT		
VAT payable	<u>55 404</u>	<u>-</u>
VAT refund	<u>-</u>	<u>59 743</u>

VAT is payable on the receipts basis. Only once payment is received from debtors, is VAT paid over to SARS.

3. PROPERTY, PLANT AND EQUIPMENT

The reconciliation of carrying values is set out on the following page.

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FEATHER MARKET PROMOTIONS
 Trading as **FEATHER MARKET CENTRE**
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

2007

	Furniture and fittings	Office equipment	Motor vehicles	Computer software	Computer equipment	Audio visual equipment	Total
	R	R	R				R
Carrying Value	58 675	37 818	160 452	-	1 017	528	258 490
Cost	263 771	241 223	383 102	10 928	66 762	3 151	968 937
Correction of error	-	-	-	-	-	-	-
Accumulated Depreciation	(205 096)	(203 405)	(222 650)	(10 928)	(65 745)	(2 623)	(710 447)
Additions	43 145	26 870	-	-	-	-	70 015
Depreciation	(26 299)	(34 319)	(49 370)	-	(1 017)	(528)	(111 533)
Disposals	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-
Carrying Value	75 521	30 369	111 082	-	-	-	216 972
Cost	306 916	268 093	383 102	10 928	66 762	3 151	1 038 952
Accumulated Depreciation	(231 395)	(237 724)	(272 020)	(10 928)	(66 762)	(3 151)	(821 980)

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

2006

	Furniture and fittings	Office equipment	Motor vehicles	Computer software	Computer equipment	Audio visual equipment	Total
	R	R	R				R
Carrying Value	79 117	52 539	209 822	-	2 710	1 577	345 765
Cost	263 771	241 223	383 102	10 928	66 762	3 151	968 937
Correction of error	-	-	-	-	-	-	-
Accumulated Depreciation	(184 654)	(188 684)	(173 280)	(10 928)	(64 052)	(1 574)	(623 172)
Capital Under Construction	-	-	-	-	-	-	-
Depreciation	(20 442)	(14 721)	(49 370)	-	(1 693)	(1 049)	(87 275)
Disposals	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-
Carrying Value	58 675	37 818	160 452	-	1 017	528	258 490
Cost	263 771	241 223	383 102	10 928	66 762	3 151	968 937
Accumulated Depreciation	(205 096)	(203 405)	(222 650)	(10 928)	(65 745)	(2 623)	(710 447)

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

	2007 R	2006 R
4. IMPROVEMENTS TO LEASEHOLD PROPERTY		
Cost	18 716 018	18 716 018
Accumulated depreciation	(10 480 972)	(9 732 331)
Net book value	<u>8 235 046</u>	<u>8 983 687</u>
Reconciled as follows:		
Net book value at beginning of year	8 983 687	9 732 328
Depreciation	(748 641)	(748 641)
Net book value at end of the year	<u>8 235 046</u>	<u>8 983 687</u>
5. INVENTORY		
Bar inventories	<u>108 496</u>	<u>77 671</u>
6. TRADE AND OTHER RECEIVABLES		
Sales	221 962	171 140
Provision for bad debts	(2 515)	(2 459)
Total debtors	<u>219 447</u>	<u>168 681</u>
<u>Reconciliation of the bad debt provision</u>		
Balance at beginning of the year	(2 459)	(11 528)
Contribution to the provision	(56)	-
Write-off of bad debts	-	9 069
Balance at end of the year	<u>(2 515)</u>	<u>(2 459)</u>
7. OTHER DEBTORS		
Electricity deposits	-	6 500
Total other debtors	<u>-</u>	<u>6 500</u>
8. SALES		
Bar	735 296	563 467
Catering	3 932 181	2 996 933
Total sales	<u>4 667 477</u>	<u>3 560 400</u>

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

	2007 R	2006 R
9. CASH AND CASH EQUIVALENTS		
The entity has the following bank accounts:		
<u>Current Account (Primary Bank Account)</u>		
Standard Bank of South Africa Limited		
Account Number 080140114		
Cash book balance at beginning of year - overdrawn	(25 473)	(16 701)
Cash book balance at end of year - overdrawn	(28 556)	(25 473)
Bank statement balance at beginning of year:	84 696	15 485
Bank statement balance at end of year	83 649	84 696
<u>Money Market Account</u>		
Standard Bank of South Africa Limited		
Account Number 084993359		
Cash book balance at beginning of year	526 951	3 796
Cash book balance at end of year	345 872	526 951
Bank statement balance at beginning of year:	526 951	3 796
Bank statement balance at end of year	345 872	526 951
<u>Call Account</u>		
Cash book balance at beginning of year	8 939	1 240
Cash book balance at end of year	-	8 939
Bank statement balance at beginning of year:	8 939	1 240
Bank statement balance at end of year	-	8 939

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

	2007 R	2006 R
9. CASH AND CASH EQUIVALENTS		
<u>Fixed Deposit</u>		
Standard Bank of South Africa Limited Account Number 088429725001		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	750 000	-
Bank statement balance at beginning of year:	-	-
Bank statement balance at end of year	750 000	-
<u>Petty cash and cash floats</u>		
Cash book balances at beginning of year	8 780	8 780
Cash book balances at end of year	8 780	8 780
Total bank, cash and overdraft balances	1 076 096	519 197
10. GOVERNMENT GRANTS		
Total government grants	1 055 724	996 940

Grants are received from the Nelson Mandela Bay Metropolitan Municipality to cover operating deficits of the entity. The conditions of the grant have been met. No funds have been withheld.

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

	2007 R	2006 R
11. OTHER INCOME		
Management fee	4 008	-
Sundry income	289 862	550 081
VAT refund received	-	19 238
Total other income	293 870	569 319
12. COST OF SALES		
Opening inventory	77 671	62 101
Purchases	2 523 392	2 083 418
	2 601 063	2 145 519
Closing inventory	(108 496)	(77 671)
Total cost of sales	2 492 567	2 067 848
13. ADMINISTRATION EXPENSES		
Accounting fees	36 720	31 180
Auditing fees	66 695	21 379
Total administration expenses	103 415	52 559
14. SELLING AND DISTRIBUTION EXPENSES		
Commission on bookings	195 762	58 280
Conferences and visits	34 867	13 936
Marketing	99 511	58 833
Subscriptions	19 904	14 223
Total selling and distribution expenses	350 044	145 272
15. EMPLOYEE RELATED COSTS		
Employee related costs - salaries and wages	1 450 275	1 108 477
Employee related costs - contributions to UIF, WCA, pensions and medical aids	205 214	180 455
Housing benefits and allowances	62 922	49 766
Overtime payments	177 186	127 158
Bonuses (annual and incentive)	110 241	86 026
Other	315	190
Total employee related costs	2 006 153	1 552 072
There were no advances to employees.		

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

	2007 R	2006 R
16. REPAIRS AND MAINTENANCE		
Building - internal	102 504	32 017
Computer equipment	482	-
Equipment	67 938	85 436
Maintenance agreements	38 773	51 992
Organ maintenance	16 453	15 373
Vehicles	3 889	1 578
Total repairs and maintenance	230 039	186 396
17. INTEREST PAID		
Interest paid	490	-
Total interest paid	490	-
18. CONTRACTED SERVICES		
Cleaning	152 171	126 346
Security	129 359	116 501
Total contracted services	281 530	242 847
19. GENERAL EXPENSES		
Cleaning materials	13 284	4 481
Computer consumables	12 128	16 611
Curator	-	88
Electricity and water	272 918	269 507
Equipment hire	89 391	156 275
Expendable equipment	29 374	68 152
Equipment consumables	43 732	9 028
Laundry	42 687	22 178
Licences	839	126
Locomotion casual	17 191	15 174
Motor vehicle	22 179	19 850
Parking rental	22 308	17 871
Postage, telephone and fax	146 111	126 927
Refuse	38 990	31 995
Sewerage	20 470	13 935
Staff meals	21 078	13 451
Stationery	41 649	77 394
Training and development of staff	27 456	450
Transport of staff	51 000	22 973
Travel and subsistence	39 972	32 580
Uniforms	20 880	12 857
Venue decoration	113 107	97 695
Total general expenses	1 086 744	1 029 598

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

	2007 R	2006 R
19. CASH UTILISED BY OPERATIONS		
Surplus/(Deficit) for the year	(242 379)	(100 876)
Adjustment for:-		
Depreciation	860 174	835 916
Interest income	(98 861)	(45 508)
Interest paid	490	-
Grants received	(1 055 724)	(996 940)
Operating deficit before working capital changes:	(536 300)	(307 408)
(Increase)/Decrease in inventory	(30 825)	(15 570)
(Increase)/Decrease in debtors	(50 766)	(47 350)
(Increase)/Decrease in other debtors	-	-
Increase/(Decrease) in creditors	(24 437)	(42 004)
Increase/(Decrease) in VAT	115 147	(108 034)
Cash utilised by operations	(527 181)	(520 366)

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash	1 104 652	544 670
Bank overdraft	(28 556)	(25 473)
Total cash and cash equivalents	1 076 096	519 197

21. EVENTS AFTER THE REPORTING DATE

No material fact or circumstance has occurred between the accounting date and the date of this report other than those items already mentioned.

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

22. DEPARTURES FROM THE STANDARDS

IAS 16 "PROPERTY, PLANT AND EQUIPMENT"

The company does not determine residual values for each item of property, plant and equipment, does not determine estimated useful lives with reference to the period over which the assets are expected to be available for use and does not depreciate each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost, separately as required by IAS 16 "Property, plant and equipment" .

23. RETIREMENT BENEFIT INFORMATION

The company contributes to the Old Mutual Orion Provident Fund, a defined contribution plan. This fund has been registered and governed under the Pension Fund Act, 1956, as amended.

The policy of the company is to provide retirement benefits for all its employees.

The contributions of R89 383 (2006 : R 71 539) were expensed in the current year.

24. UNAUTHORISED EXPENDITURE

No such expenditure was incurred in the current year.

25. IRREGULAR EXPENDITURE

No such expenditure was incurred in the current year.

26. FRUITLESS AND WASTEFUL EXPENDITURE

No such expenditure was incurred in the current year.

27. CAPITAL COMMITMENTS

No capital expenditure has been authorised nor contracted for.

28. CONTINGENT LIABILITIES AND ASSETS

We are not aware of any pending or threatened litigations, proceedings, hearings or claims or negotiations which may result in significant loss or possible recovery to the entity.

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

	2007 R	2006 R
29. IN-KIND DONATIONS AND ASSISTANCE		
No in-kind donations or assistance were received in the current year.		
30. COMPARISON WITH BUDGET		
The comparison of the entity's actual financial performance with that budgeted is set out in Annexures D(1) and D(2).		
31. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>31.2 Audit fees</u>		
Opening balance	-	30 171
Current year audit fee	66 695	28 881
Amount paid - current year	(66 695)	(28 881)
Amount paid - previous years	-	(30 171)
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
31.3 VAT		
VAT inputs receivables and VAT outputs payables are shown in Note 2. All VAT returns have been submitted by the due date throughout the year.		
31.4 PAYE and UIF		
Opening balance	-	-
Current year payroll deductions	225 208	158 416
Amount paid - current year	(225 208)	(158 416)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

	2007 R	2006 R
31. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)		
31.4 PAYE and UIF (Continued)		
The PAYE and UIF deducted from the June 2007 payroll were paid over to the parent municipality during June 2007 and the balance unpaid at year-end is nil.		
31.5 Pension and Medical Aid Deductions		
Opening balance		
Current year payroll deductions and Council Contributions	227 699	204 329
Amount paid - current year	(227 699)	(204 329)
Amount paid - previous years	<u> </u>	<u> </u>
Balance unpaid (included in creditors)	<u><u> </u></u> -	<u><u> </u></u> -

The pension and medical aid contributions deducted from employees in the June 2007 payroll, as well as Council's contributions to pension and medical aid funds, were paid over to the parent municipality during June 2007 and the balance unpaid at year-end is nil.

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

2007	2006
R	R

32. FINANCIAL INSTRUMENTS

Liquidity risk

The company has managed its liquidity risk through an ongoing review of future commitments and credit facilities.

Overdraft facilities

Standard Bank of South Africa Limited

The overdraft limit on the short-term banking facilities is R 47 500

Securities

The Nelson Mandela Bay Metropolitan Municipality has provided security in respect of the overdraft facilities.

Credit risk

Financial assets which potentially subject the company to concentrations of credit risk consist principally of cash and trade receivables. The company's cash equivalents are placed with high credit quality financial institutions. Trade receivables are presented net of the allowance for doubtful receivables. Trade debtors comprise a widespread customer base. Management evaluates credit risk relating to consumers on an ongoing basis.

The carrying amounts of financial assets included in the balance sheet represent the company's exposure to credit risk in relation to these assets.

Interest rate risk

Deposits attract interest at a rate that varies according to the prime banking rate. The company manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

Fair value

At 30 June 2007, the carrying amounts of cash, trade receivables, trade payables and accrued expenses approximated their fair values due to the short-term maturities of these assets and liabilities.

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

	2007	2006
	R	R

33. RELATED PARTIES

The entity's only related party is its parent municipality the Nelson Mandela Bay Metropolitan Municipality.

Types of related party transactions

Grants are received from the Nelson Mandela Bay Metropolitan Municipality to cover operating deficits of the entity.

The payroll administration is performed by the Nelson Mandela Bay Metropolitan Municipality. The entity reinverses its parent for all payroll costs paid on their behalf.

Material related party transactions and balances

Category	2007	2006
Transactions	R	R
Grant received	1 055 724	996 940
Payroll costs	1 355 792	1 139 757

Category

Balances

There was no related party balances receivable or payable at year-end

APPENDIX A
FEATHER MARKET PROMOTIONS
 Trading as **FEATHER MARKET CENTRE**
 (ASSOCIATION INCORPORATED UNDER SECTION 21)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Category	Cost:		Accumulated depreciation:						Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
Other assets	968 937	70 015	-	1 038 952	(710 447)	(111 533)	-	(821 980)	216 972
Furniture and fittings	263 771	43 145	-	306 916	(205 096)	(26 299)	-	(231 395)	75 521
Office equipment	241 223	26 870	-	268 093	(203 405)	(34 319)	-	(237 724)	30 369
Motor vehicles	383 102	-	-	383 102	(222 650)	(49 370)	-	(272 020)	111 082
Computer software	10 928	-	-	10 928	(10 928)	-	-	(10 928)	-
Computer equipment	66 762	-	-	66 762	(65 745)	(1 017)	-	(66 762)	-
Audio visual equipment	3 151	-	-	3 151	(2 623)	(528)	-	(3 151)	-
Total	968 937	70 015	-	1 038 952	(710 447)	(111 533)	-	(821 980)	216 972

THIS APPENDIX IS NOT APPLICABLE TO THIS ENTITY

APPENDIX B
FEATHER MARKET PROMOTIONS
Trading as **FEATHER MARKET CENTRE**
(ASSOCIATION INCORPORATED UNDER SECTION 21)
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

[illegible]

THIS APPENDIX IS NOT APPLICABLE TO THIS ENTITY

APPENDIX C
FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

2007			Department	2007		
Revenue	Expenses	Surplus/ (Deficit)		Revenue	Expenses	Surplus/ (Deficit)
R	R	R		R	R	R
			Municipal Council			
			Administration			
			Technical Services			
			Regional Services			
-	-	-	Total	-	-	-

APPENDIX D(1)
FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual (R)	2007 Budget (R)	2007 Variance (R)	2007 Variance (%)	Explanation of significant variances greater than 10% versus budget
Revenue					
Gross profit - bar and catering	2 174 910	1 632 710	542 200	33.21%	Catering income and facility hire had a large growth pattern, which is ahead of the budgeted figures for the year. The reason for this is due to a substantial increase in the number of events hosted at the Centre and a large increase in delegate numbers attending the various conferences hosted.
Gross profit - rental of facilities	1 096 764	814 400	282 364	34.67%	The increase from rental was due to large increase in rental of space for events such as exhibitions and concerts.
Government grants	1 055 724	1 046 790	8 934	0.85%	N/A
Interest earned	98 861	31 900	66 961	209.91%	
Sundry income	293 870	304 500	(10 630)	-3.49%	N/A
Expenditure					
Employee related costs	2 006 153	1 861 783	144 370	7.75%	N/A
Repairs and maintenance	230 039	174 000	56 039	32.21%	Actual expenditure exceeded the budgeted figures mainly due to the increase in the maintenance of items in the venue. On-going rehabilitation and maintenance of painting, wood-work, upholstery, carpeting resulted in the over-expenditure.
General expenses	2 726 316	1 468 935	1 257 381	85.60%	Actual expenditure exceeded the budgeted figures mainly due to inflationary increases and increases in expenditure directly associated with the increase in revenue, namely selling and distribution expenses, contracted services and others.

THIS APPENDIX IS NOT APPLICABLE TO THIS ENTITY

APPENDIX D(2)
FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual	2007 Under Construction		2007 Total Additions		2007 Budget		2007 Variance		2007 Variance %	Explanation of significant variances greater than 5% versus budget
		R	R	R	R	R	R	R	R		
Municipal Council				-			-				
Administration				-			-				
Technical Services				-			-				
Regional Services				-			-				
Total		-	-	-	-	-	-	-	-		

(Explanations to be recorded)

APPENDIX E
FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2007

Name of grants	Name of organ of state or municipal entity	Quarterly receipts				Quarterly expenditure				Grants and subsidies delayed / withheld				Reason for delay / withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec			
Grant in aid	NMMM			1 055 724										n/a		

Note: An entity should provide additional information on how a grant was spent per vote. This excludes allocations from the equitable share.

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)

Incorporated in the Republic of South Africa
Registration number: 1995/010736/08

FINANCIAL STATEMENTS
for the year ended 30 June 2007

Nature of business: The hiring out of Centenary Hall for concerts, conferences, exhibitions and related events

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CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Notes	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net assets		379,614	492,105
Accumulated surplus		<u>379,614</u>	<u>492,105</u>
Current liabilities		151,688	33,397
Trade and other payables	1	<u>151,688</u>	<u>17,838</u>
VAT	2	<u>-</u>	<u>15,559</u>
Total net assets and liabilities		<u>531,302</u>	<u>525,502</u>
ASSETS			
Non-current assets		183,463	254,123
Property, plant and equipment	3	<u>183,463</u>	<u>254,123</u>
Current assets		347,839	271,379
Trade Receivables	4	<u>46,250</u>	<u>52,840</u>
Other Receivables	5	<u>18,518</u>	<u>187,872</u>
VAT	2	<u>4,564</u>	<u>-</u>
Cash and Cash Equivalents	6	<u>278,507</u>	<u>30,667</u>
Total assets		<u>531,302</u>	<u>525,502</u>

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 R	2006 R
REVENUE			
Operating grant	7	55,460	52,820
ATM rental		41,984	33,775
Equipment hire		5,544	6,620
Facility hire		178,171	154,354
Great Hall hire		414,707	393,600
Interest earned		13,629	19,774
Bar sales		-	18
Catering sales		-	8,316
Decrease in provision for doubtful debts		-	6,000
Profit on sale of vehicle		-	13,000
Total revenue		<u>709,495</u>	<u>688,277</u>
EXPENDITURE			
Accounting fees		22,759	18,106
Audit fees		121,558	-
Bank charges		5,682	6,009
Bar purchases		105	15
Catering purchases		23,543	29,789
Cleaning materials		14,868	26,432
Depreciation		70,660	62,340
Electricity		52,459	63,400
Employee related costs	8	370,871	385,264
Entertainment and promotion fee		1,700	-
Equipment hire		706	3,939
Expendable equipment		1,226	9,374
Increase in provision for doubtful debts		26,750	-
Interest paid		95	-
Laundry		2,799	2,589
Marketing		14,880	24,829
Motor vehicle expenses		16,685	10,180
Postage, telephone and fax		33,336	37,540
Refreshments		123	747
Refuse removal		3,307	1,050
Repairs and maintenance		27,159	43,043
RSC levies		233	1,729
Stationery and printing		1,462	3,843
Stationery - promotional		-	810
Subscriptions		1,305	439
Training and development		6,705	3,100
Travel and subsistence		1,010	-
Uniforms		-	1,085
Total expenditure		<u>821,986</u>	<u>735,652</u>
DEFICIT FOR THE YEAR		<u>(112,491)</u>	<u>(47,375)</u>

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	Accumulated Surplus	Total
	<u>R</u>	<u>R</u>
2006		
Balance at 1 July 2005	639,650	639,650
Correction of error	<u>(100,170)</u>	<u>(100,170)</u>
Restated balance	539,480	539,480
Deficit for the year	<u>(47,375)</u>	<u>(47,375)</u>
Balance at 30 June 2006	<u><u>492,105</u></u>	<u><u>492,105</u></u>
2007		
Balance at 1 July 2006	492,105	492,105
Deficit for the year	<u>(112,491)</u>	<u>(112,491)</u>
Balance at 30 June 2007	<u><u>379,614</u></u>	<u><u>379,614</u></u>

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 R	2006 R
Cash flow from operating activities			
Cash receipts from customers		578,262	604,003
Cash paid to suppliers and employees		<u>(399,416)</u>	<u>(623,703)</u>
Cash generated by/(utilised in) operations	9	178,846	(19,700)
Interest earned		13,629	19,774
Interest paid		(95)	
Grant received		<u>55,460</u>	<u>52,820</u>
Net cash flow from operating activities		<u>247,840</u>	<u>52,894</u>
Cash flow from investing activities			
Purchase of property, plant and equipment		-	(161,719)
Net cash flow from investing activities		<u>-</u>	<u>(161,719)</u>
Net increase/(decrease) in cash and cash equivalents		247,840	(108,825)
Cash and cash equivalents at beginning of year		<u>30,667</u>	<u>139,492</u>
Cash and cash equivalents at end of year	10	<u>278,507</u>	<u>30,667</u>

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1. Basis of preparation

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention.

In accordance with Section 122(3) of the Municipal Finance Management Act (Act No. 56 of 2003), the company has adopted Standards of GAMAP, GRAP and SA GAAP, issued by the Accounting Standards Board.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by a Standard of GAMAP.

2. Presentation currency

These annual financial statements are presented in South African Rand.

3. Going Concern Assumption

These annual financial statements have been prepared on a going concern basis.

4. Property, plant and equipment

Property, plant and equipment, are stated at cost, less accumulated depreciation.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified, except where the impairment reverses a previous revaluation.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

Furniture and fittings	6 years
Motor vehicles	5 years
Office equipment	3 years
Computer software	2 years
Computer equipment	3 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

5.1 Revenue from government grants

Revenue from the grant is recognised, at fair value, on receipt of the grant.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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5. Revenue recognition (continued)

5.2 Revenue from hiring out of facilities

Revenue from income earned on the hiring out of facilities and equipment for functions as well as bar and catering sales is recognised once the function has taken place.

5.3 Interest

Interest is recognised on a time proportionate basis over the period that the assets are expected to be held.

6. Operating grants and receipts

Revenue received from operating grants is recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

7. Borrowing costs

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

8. Financial instruments

Financial instruments recognised on the balance sheet include cash and cash equivalents, trade receivables, trade creditors and borrowings.

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

8.1 Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. *An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.*

Receivables from related parties are recognised and carried at cost.

8.2 Trade and other payables

Trade payables are stated at their nominal value.

8.3 Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

8.4 Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

8.5 Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net profit or loss in the period in which the change arises.

9. Provisions

Provisions are recognised when the company has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the company.

10. Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

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11. Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12. Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

14. Related Party disclosures

The entity is solely controlled by the Nelson Mandela Bay Municipality and receives an annual grant from them. The Nelson Mandela Bay Municipality also holds funds of the entity, which it invests on their behalf.

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	2007 R	2006 R
1. Trade and Other Payables		
Accruals	10,922	11,338
Provision for accounting fees	2,189	6,500
Provision for audit fees	138,577	-
	<u>151,688</u>	<u>17,838</u>
2. VAT		
VAT payable	-	15,559
VAT receivable	4,564	-
	<u>4,564</u>	<u>15,559</u>
VAT is payable on the receipts basis. Only once payment is received, is VAT paid over to SARS.		
3. Property, plant and equipment		
June 2007		
Reconciliation of carrying value	Furniture and fittings R	Motor vehicles R
	R	R
	R	R
	R	R
	R	R
	R	R
Carrying values at 1 July 2006	91,426	151,021
Acquisitions	-	-
Depreciation	(31,472)	(31,794)
Carrying values at 30 June 2007	<u>59,954</u>	<u>119,227</u>
June 2006		
Carrying values at 1 July 2005	123,487	4,000
Acquisitions	-	158,969
Depreciation	(32,061)	(11,948)
Carrying values at 30 June 2006	<u>91,426</u>	<u>151,021</u>
4. Trade Receivables		
	Gross balances	Provision for doubtful debts
	R	R
As at 30 June 2007		
Trade receivables	<u>77,220</u>	<u>(30,970)</u>
As at 30 June 2006		
Trade receivables	<u>57,060</u>	<u>(4,220)</u>
	2007 R	2006 R
<u>Ageing</u>		
Current	18,760	16,120
31 - 60 days	7,810	39,720
61 - 90 days	680	1,220
Older than 90 days	49,970	-
	<u>77,220</u>	<u>57,060</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	2007 R	2006 R
5. Other Receivables		
Deposits	15,400	15,400
Nelson Mandela Bay Municipality	3,118	171,551
Toshiba Laser Fax	-	921
	<u>18,518</u>	<u>187,872</u>
6. Cash and Cash Equivalents		
<i>The company has the following bank account:</i>		
<u>Current Account</u>		
Standard Bank - Port Elizabeth Branch - Account number 080194443		
Cash book balance at beginning of year	29,658	138,483
Cash book balance at end of year	<u>277,498</u>	<u>29,658</u>
Bank statement balance at beginning of year	45,421	143,601
Bank statement balance at end of year	<u>151,496</u>	<u>45,421</u>
<i>Which are disclosed in the Statement of Financial Position as follows:</i>		
Bank balances and cash	278,507	30,667
Bank balances	277,498	29,658
Petty cash float	409	409
Casual wages float	600	600
7. Operating grant		
Current year receipts	55,460	52,820
Conditions met - transferred to revenue	<u>(55,460)</u>	<u>(52,820)</u>
Conditions still to be met	-	-
The operating grant is used to cover any operating deficit that may occur.		
8. Employee related costs		
Employee related costs - salaries and wages	<u>370,871</u>	<u>385,264</u>
<u>Remuneration of the Manager</u>		
Annual remuneration	113,508	106,584
Annual and long service bonuses	11,729	8,379
Contributions to UIF, Medical and Pension Funds	45,701	44,258
	<u>170,938</u>	<u>159,221</u>
9. Cash generated by/(utilised in) operations		
Deficit for the year	(112,491)	(47,375)
Adjusted for:		
- Depreciation	70,660	62,340
- Interest earned	(13,629)	(19,774)
- Interest paid	95	-
- Grant received	(55,460)	(52,820)
Operating deficit before working capital changes	<u>(110,825)</u>	<u>(57,629)</u>
- (Increase)/Decrease in trade receivables	6,590	(51,500)
- Decrease in other receivables	169,354	96,485
- Increase/(Decrease) in payables	133,850	(18,024)
- (Decrease)/Increase in vat	(20,123)	10,968
Cash generated by/(utilised in) operations	<u>178,846</u>	<u>(19,700)</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	2007 R	2006 R
10. Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank balances and cash	<u>278,507</u>	<u>30,667</u>
11. Financial instruments		
Interest rate management		
As part of the process of managing the company's interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.		
Credit risk management		
The company only deposits cash surpluses with major banks of high quality credit standing.		
Liquidity risk		
The company has managed its liquidity risk by ensuring that it has adequate banking facilities and reserve borrowing capacity.		
Fair value		
The Manager is of the opinion that the book value of financial instruments approximates fair value.		
12. Unauthorised, irregular, fruitless and wasteful expenditure		
No unauthorised, irregular, fruitless and wasteful expenditure was incurred during the year.		
13. Additional disclosures in terms of Municipal Finance Management Act		
13.1 Audit fees		
Opening balance	-	-
Current year audit fee	138,577	-
Amount paid - current year	-	-
Balance unpaid (included in payables)	<u>138,577</u>	<u>-</u>
13.2 VAT		
VAT inputs receivables and VAT outputs receivables are shown in Note 2.		
All VAT returns have been submitted by the due date throughout the year.		
13.3 PAYE AND UIF		
Opening balance	-	-
Current year payroll deductions	22,987	21,403
Amount paid - current year	<u>(22,987)</u>	<u>(21,403)</u>
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
13.4 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions	68,861	62,894
Amount paid - current year	<u>(68,861)</u>	<u>(62,894)</u>
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

	2007 R	2006 R
13. Additional disclosures in terms of Municipal Finance Management Act (continued)		
13.5 List of entities and related transactions		
The entity is solely controlled by the Nelson Mandela Bay Municipality and has received the following grant:		
Nelson Mandela Bay Municipality	<u>55,460</u>	<u>52,820</u>
The Nelson Mandela Bay Municipality holds funds of the entity which it invests on their behalf. The balance invested at year end is	<u>3,118</u>	<u>171,551</u>
14. Capital commitments		
No capital commitments in respect of capital purchases were committed to within the next financial year.		
15. Contingent liabilities		
No contingent liabilities existed at year-end.		
16. Contingent assets		
No contingent assets existed at year-end.		
17. In-kind donations and assistance		
No in-kind donations and assistance were received during the year.		
18. Events after the reporting date		
There have been no subsequent events that will impact on the financial statements.		
19. Comparison with the budget		
The comparison of the company's actual financial performance with that budgeted is set out in Annexure B.		

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ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007 (CONTINUED)

	Cost			Accumulated depreciation			Carrying Value		
	Opening Balance	Additions	Disposals	Closing Balance	Opening balance	Additions		Disposals	
Total brought forward	424,767	-	-	424,767	182,320	63,266	-	245,586	179,181
Office Equipment									
Photocopier	9,995	-	-	9,995	9,995	-	-	9,995	-
PA System	3,188	-	-	3,188	3,188	-	-	3,188	-
Heater	63	-	-	63	63	-	-	63	-
Flipchart stand	240	-	-	240	240	-	-	240	-
Hybrid stereo power amp	2,101	-	-	2,101	2,101	-	-	2,101	-
Phonic equaliser	1,399	-	-	1,399	1,399	-	-	1,399	-
Monitors	2,096	-	-	2,096	2,096	-	-	2,096	-
Phonic 12-channel mixer	3,680	-	-	3,680	3,680	-	-	3,680	-
Multicore balanced snake	1,224	-	-	1,224	1,224	-	-	1,224	-
Speaker lead	219	-	-	219	219	-	-	219	-
Samsung TV 51 cm	1,403	-	-	1,403	1,403	-	-	1,403	-
Samsung VCR	1,403	-	-	1,403	1,403	-	-	1,403	-
Technics CD Player	1,403	-	-	1,403	1,403	-	-	1,403	-
Fan	702	-	-	702	702	-	-	702	-
Dual tape deck	1,575	-	-	1,575	1,575	-	-	1,575	-
Mini monitor	1,048	-	-	1,048	1,048	-	-	1,048	-
Microphone stands	655	-	-	655	655	-	-	655	-
Microphones	776	-	-	776	776	-	-	776	-
Table microphone and stand	126	-	-	126	126	-	-	126	-
Phaser	1,499	-	-	1,499	1,499	-	-	1,499	-
Pull-down screen	530	-	-	530	530	-	-	530	-
Speakers	6,579	-	-	6,579	6,579	-	-	6,579	-
PA System	8,741	-	-	8,741	8,741	-	-	8,741	-
PA System	34,211	-	-	34,211	34,211	-	-	34,211	-
Cordless Microphone	3,465	-	-	3,465	2,116	1,154	-	3,270	195
DVD/CD Player	4,386	-	-	4,386	2,556	1,461	-	4,017	369
Kirby Vacuum Cleaner	11,595	-	-	11,595	5,470	3,861	-	9,331	2,264
Wet and dry vacuum cleaner	2,750	-	-	2,750	381	915	-	1,296	1,454
	107,052	-	-	107,052	95,379	7,391	-	102,770	4,282
Total carried forward	531,819	-	-	531,819	277,699	70,657	-	348,356	183,463

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ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

REVENUE	2007 Actual R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Operating grant	55,460	70,440	(14,980)	(21)	
ATM rental	41,964	39,360	2,604	7	
Equipment Hire	5,544	6,560	(1,046)	(16)	
Facility hire, Great Hall Hire and Kiosk Hire	592,878	591,910	968	0	
Interest earned	13,629	34,430	(20,801)	(60)	
Decrease in provision for doubtful debts	-	-	-	-	
Total revenue	709,495	742,750	(33,255)	(4)	
EXPENDITURE					
Accounting fees	22,759	40,160	(17,401)	(43)	
Audit fees	121,558	-	121,558	-	
Bank charges	5,662	5,150	532	10	
Bar purchases	105	-	105	-	
Catering purchases	23,543	-	23,543	-	
Cleaning materials	14,868	19,950	(5,082)	(25)	
Depreciation	70,660	30,450	40,210	132	Depreciation on vehicle not taken into account
Doubtful debts	-	7,770	(7,770)	(100)	
Electricity, water, sewerage and refuse removal	55,766	162,860	(107,094)	(66)	
Employee related costs	370,871	575,150	(204,279)	(36)	
Entertainment and Promotion fee	1,700	4,410	(2,710)	(61)	
Equipment hire	705	5,250	(4,544)	(87)	
Expendable equipment	1,226	76,130	(74,904)	(98)	
General expenses	-	2,100	(2,100)	(100)	
Increase in provision for doubtful debts	26,750	-	26,750	-	
Interest paid	95	-	95	-	
Laundry	2,799	4,730	(1,931)	(41)	
Locomotion Casual	-	5,780	(5,780)	(100)	
Marketing	14,880	24,150	(9,270)	(38)	
Motor vehicle expenses	16,685	21,530	(4,845)	(23)	
Postage, telephone and fax	33,336	51,350	(18,014)	(35)	
Refreshments	123	-	123	-	
Repairs and maintenance	27,159	76,650	(49,491)	(65)	
RSC levies	233	3,680	(3,447)	(94)	
Stationery and printing	1,462	3,680	(2,218)	(60)	
Stationery - promotional	-	5,260	(5,260)	(100)	
Subscriptions	1,305	3,360	(2,055)	(61)	
Training and development	6,705	6,300	405	6	
Travel and subsistence	1,010	8,400	(7,390)	(88)	
Uniforms	-	5,250	(5,250)	(100)	
Total expenditure	821,986	1,149,490	(327,504)	(26)	
Net deficit for the year	(112,491)	(406,740)	294,249	(72)	

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DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant and Subsidies received

Name of grant	Name of municipal entity	Annual Receipts	Annual Expenditure	Grants and subsidies delayed/ withheld	Reason for delay/ withholding of funds	Did your company comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
NMBM Grant	Nelson Mandela Bay Municipality	55,460	55,460	-	Not applicable	Yes	Not applicable
		55,460	55,460	-			